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9 April 1963

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CENTRAL INTELLIGENCE BULLETIN



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South Vietnam: (The strategic hamlet program, cornerstone of South Vietnam's counter guerrilla effort, may be seriously hampered if President Diem persists in his present attitude on the US role in the handling of joint US - South Vietnamese counterinsurgency funds.)

(Diem recently told Ambassador Nolting that South Vietnam had adequate financial resources, but that procedures which would allow the US a voice in the disposition of South Vietnamese funds would be interpreted by Communists and non-Communists alike as the establishment of a "US protectorate." Diem remarked that the large number of Americans exercising influence at lower levels of the military and administrative structure was already creating this impression, and that these advisers should be gradually withdrawn to "restore control at the top.")

(Diem's comments echo sentiment recently voiced by his brother Nhu.)

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Pakistan-Afghanistan: (President Ayub has instructed the Ministry of External Affairs to work for the normalization of relations with Afghanistan.)

(Ayub is presumably thinking in terms of restoring diplomatic and consular relations and reopening the border to Afghan trade crossing Pakistan. The Pakistanis are prepared to tolerate continued Afghan propaganda calling for self-determination for Pushtoon tribes living on the Pakistani side of the border if it is kept in a low key.)

(The responsible ministry official has again indicated that Pakistan would permit the Afghans to reopen their consulate in Peshawar, thereby removing the major obstacle to a settlement. The Pakistanis, however, apparently have not yet given any sign to Kabul of their new flexibility on this key issue.)

(The Afghan Foreign Ministry, on its part, has noted the relatively moderate tone of Pakistan's propaganda since the new Yusuf government was announced in Kabul on 9 March. It issued a relatively conciliatory statement on 1 April calling for improved relations. The deputy foreign minister has told US officials that Kabul is now awaiting a new move by Pakistan)

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British Guiana: (The labor tension in Georgetown which erupted in riots on 5 April has abated for the moment, but further strikes may occur later this month.)

(The jurisdictional dispute between two unions at the Rice Marketing Board--where the fighting began--was resolved by their merger on 6 April.)

(A showdown appears to be approaching, however, on the Jagan government's controversial labor relations bill, which would facilitate its gaining control over the union movement. The Trades Union Council (TUC) plans to hold a congress on 21 April to rally support for its leaders' decision to oppose the bill. The TUC executive has been considering calling out the sugar workers in a protest strike, which could be broadened to most other unions.)

(Opposition parties trying to unseat the Jagan government probably would attempt to exploit such a development, which might be accompanied by further disorders.)

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Yugoslavia-USSR: Moscow's 30 March letter to Peiping and its possible implications for Yugoslav-Soviet relations have drawn wary and mixed reactions from Yugoslav officials, according to Ambassador Kennan. All references to Yugoslavia and Albania were deleted from the brief summary of the letter published in Yugoslavia. The Yugoslavs may be further unsettled by this year's May Day slogans, in which Moscow failed again to credit Yugoslavia with "building socialism." Belgrade still expects Khrushchev to "vacation" in Yugoslavia sometime between late June and mid-September.

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***Brazil:** (War Minister Kruel's 8 April order for the arrest of pro-Communist First Army Commander Osvino Alves could lead to conflict between military forces supporting the two men. Alves, who has been threatening to depose anti-Communist Governor Lacerda of Guanabara state, has reportedly refused to obey the arrest order. Kruel can be expected to have the support of the majority of armed forces officers reportedly including the navy minister and the chief of the President's military household. President Goulart may attempt to disassociate himself from Kruel's anti-Communist position without giving effective support to Alves.)

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